

**MINUTES OF THE
BOARD OF COMMUNITY HEALTH MEETING**

May 22, 2008

The Board of Community Health held a special called meeting via teleconference call on May 22 concerning the State Health Benefit Plan (SHBP) competitive procurement. Chairman Holmes called the meeting to order at 9:08 a.m. Board members participating in the call were Richard Holmes, Chairman; Ross Mason, Vice Chairman; Dr. Inman C. "Buddy" English; Kim Gay; Dr. Ann McKee Parker; Raymond Riddle; Richard Robinson; and Archer Rose. Dr. Rhonda M. Medows, Commissioner of the Department of Community Health, and Nancy Goldstein, Chief of the State Health Benefit Plan, also participated in the call. The Fifth Floor Board Room at the Department of Community Health, 2 Peachtree Street, Atlanta, Georgia 30303, was available to anyone wishing to listen to the discussion. (A List of Attendees and Agenda are attached hereto and made official parts of these Minutes as Attachments #1 and #2.)

Chairman Holmes asked Dr. Medows to give a ground level view of the SHBP procurement, what has transpired to date, and what is being asked of the board members today. Dr. Medows thanked the board for its willingness to meet via teleconference to address and update the Board on the status of the SHBP and procurement. She said the Department was anxious to give the Board the results of the procurement as well as provide a summary of the overall SHBP strategy and not wait until the June 12 board meeting since there is much work to be done to ensure the effective implementation of Open Enrollment and the new Plan year in January.

Dr. Medows said the overarching strategy to transform the design of the SHBP was to consolidate the 17 different contractual obligations for Plan options as well as to expand choices in the area of consumer directed health care products and expand statewide the opportunity for members to participate in more traditional health care products such as Health Maintenance Organization (HMO) and Preferred Provider Organization (PPO) products. In addition this procurement also addresses inclusion of pharmacy benefit services and the Medicare Advantage Plan for the retiree population. Dr. Medows said the strategy for SHBP transformation was developed with the Governor's Office as well as several other agencies. Ms. Goldstein presented the strategy to the Board at its November 8 meeting, and the strategy has been widely communicated to legislative committees, member association meetings, boards of education, state agencies, and over 200 employee and retiree meetings. Dr. Medows stated that this was a well vetted strategy, and the well known and well publicized procurement was a comprehensive overhaul of the SBHP.

The Department procured for two statewide health insurance plans with established provider networks already in place. These two health plans provide across the state an HMO, PPO, a Health Reimbursement Arrangement, High Deductible Health Plan, Pharmacy Benefit Services and Medicare Advantage Plan products. There were two top scorers of the total six applications, and the apparent winners of the scorers were Cigna Health Plan and United Health Care. Dr. Medows stated that the two health plans would "go live" for SHBP members on January 1, 2009.

For those members who are now enrolled in Kaiser Permanente, the state has made arrangements to work with Kaiser for a one-year extension of the Kaiser plan that would give those 21,000 employee members the opportunity to have a year to transition to a new health care provider.

There are 79,000 employee members who are in BlueCross BlueShield of Georgia (BCBSGA) now. The SHBP confirmed that 97% percent of the providers who are providing care through BCBSGA will be in the United Health Care and Cigna networks. Dr. Parker asked if there were any plans to extend BCBSGA for one year since 97% of the BCBSGA providers are in the United Health Care and Cigna networks. Dr. Medows answered there is no plan to extend the BCBSGA contract. Ms. Gay asked if the Department had a list of all existing providers, and Dr. Medows answered yes.

Dr. Medows asked Ms. Goldstein to review in detail the SHBP strategy and how the procurement was performed. Ms. Goldstein said one of the compelling reasons for this strategy was to keep down SHBP healthcare costs to continue providing effective programs for employees at an efficient cost. Currently the SHBP budget is \$2.6 billion, and if the SHBP did nothing with the strategy, over the next five years that would have grown to an annual cost of about \$4 billion. The SHBP estimates that it will realize a \$750 million savings over the next five years by using the SHBP transformation strategy.

Ms. Goldstein stated that the SHBP managed the procurement in two stages. The first stage was considered a prequalifying step to ensure that the critical requirements were met. It is called A Statement of Qualifications. Five key questions had to be affirmed: the ability to offer all five products on a statewide basis; the ability to offer the product on a self-funded approach; a current business license or ability operate in the State of Georgia; attest that no services would be performed offshore; and some indemnification that language that had to be agreed upon in advance. Six vendors made it through Phase I. At that point the six vendors were sent the full RFA.

The primary determinant in selecting the healthcare vendors for these products was a comprehensive network providing members with statewide access to healthcare providers. In addition the vendors had to meet some key quality objectives: advanced healthcare technology in the provision of services; superior claims and customer service capabilities; innovative wellness programs and associated member incentives; and comprehensive case management programs and state-of-the-art Disease State Management programs with the ability to guarantee a Return on Investment.

After reviewing and scoring the network access and these capabilities, the SHBP sent out teams, both operations and clinical, to assess each of the vendors on site. The Department then entered into negotiations and reached an agreement with the top two scorers to ensure that the SHBP met its financial goals and contractual goals.

Chairman Holmes said his understanding was that the strategy was vetted through the various stakeholders that would be impacted. He asked if the Department had fully addressed the issues and concerns that were raised during the strategy sessions. Commission Medows answered affirmatively.

Commissioner Medows asked the board for favorable consideration for support of the Department's plans going forward. Ms. Gay MADE a MOTION to support the Department's plans going forward. Mr. Mason SECONDED the MOTION. Chairman Holmes called for a roll call vote; votes were recorded as follows: Mr. Mason (aye), Dr. Parker (aye), Ms. Gay (aye), Dr. English (aye), Mr. Robinson (aye), Mr. Rose (aye), Mr. Riddle (aye), and Mr. Holmes (aye). The MOTION was UNANIMOUSLY APPROVED.

Chairman Holmes said at the May 8 board meeting he asked Mr. Richard Robinson to chair the Audit Committee, and Mr. Robinson agreed to serve as chair. Chairman Holmes said at a coming board meeting the board will vote on the Secretary.

There being no further business to be brought before the Board, Chairman Holmes adjourned the May 22 special called meeting via teleconference call at 9:22 a.m.

THESE MINUTES ARE HEREBY APPROVED AND ADOPTED THIS THE _____ DAY OF _____, 2008.

RICHARD L. HOLMES
CHAIRMAN

SECRETARY

Official Attachments:

- #1 -- List of Attendees
- #2 -- May 22 Agenda